

**Exhibit E
to
Ordinance**

TENDER AGENT AGREEMENT

TENDER AGENT AGREEMENT

TENDER AGENT AGREEMENT, dated as of July 24, 2008, between the City of Austin, Texas (the "City") and Deutsche Bank Trust Company Americas, New York, New York, a banking corporation organized and existing under the laws of the State of New York and authorized to do business in the State of Texas, or its successors or assigns hereunder (the "Tender Agent").

WHEREAS, the City proposes to issue its "City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008" (the "Bonds"), pursuant to Ordinance No. 20080724-101, together with all appendices and exhibits thereto, adopted by the City on July 24, 2008, such Ordinance delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who approved a "Pricing Certificate" (the Ordinance and the Pricing Certificate, collectively hereinafter, the "Ordinance"); and

WHEREAS, the Bonds are being issued as two subseries as further described in the Ordinance; and

WHEREAS, the Bonds and the Ordinance provide, among other things, that the registered owners (the "Holders") of the Bonds are required to tender their Bonds to the Tender Agent for purchase at various times and under various conditions, in each case in accordance with the provisions of the Bonds and the Ordinance; and

WHEREAS, pursuant to the terms of Remarketing Agreements, dated as of August 1, 2008 (collectively, the "Remarketing Agreement") between the City and (i) Morgan Keegan & Company, Inc. in relation to the Subseries 2008A Bonds and (ii) Banc of America Securities LLC in relation to the Subseries 2008B Bonds, Morgan Keegan & Company, Inc. and Banc of America Securities LLC (collectively, the "Remarketing Agent") have agreed to use its best efforts to remarket any Bonds tendered for purchase to the Tender Agent by the Holders thereof pursuant to the Ordinance; and

WHEREAS, pursuant to the terms of a Reimbursement Agreement among the City and Dexia Credit Local, acting through its New York Branch (the "Bank"), dated as of August 1, 2008 (the "Reimbursement Agreement"), the Bank has agreed to issue its letter of credit, subject to certain terms and conditions, to purchase Bonds which have been tendered to the Tender Agent pursuant to the Ordinance and which have not been remarketed by the Remarketing Agent;

NOW, THEREFORE, in consideration of the premises and to provide for the coordination of said arrangements, the parties hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used in this Agreement and not defined herein shall have the meanings assigned to them in the Ordinance, including Appendix A thereto.

SECTION 2. Appointment of Tender Agent. Subject to the terms and conditions contained herein and in the Ordinance, Deutsche Bank Trust Company Americas, New York, New York, is hereby designated and appointed Tender Agent in the performance of its duties and obligations hereunder and under the Ordinance. Deutsche Bank Trust Company Americas, New York, New York, hereby accepts such appointment and the City consents to such designation and appointment. Deutsche Bank Trust Company Americas, New York, New York, hereby certifies that it is qualified to act as the Tender Agent under the Ordinance, and has the capacity to, and agrees to, perform the duties and responsibilities of the Tender Agent herein and under the Ordinance.

During the term hereof, the Tender Agent hereby covenants and agrees to maintain an office in New York, New York where Bonds no longer held in the Book-Entry System may be delivered and tendered for purchase to the Tender Agent. The initial designated office of the Tender Agent in New York, New York is: Deutsche Bank Trust Company Americas, Trust & Securities Services, 60 Wall Street, 27th Floor, MS NYC60-2715, New York, New York 10005.

Bonds tendered for purchase which are held in Book-Entry System shall be tendered pursuant to Article IV of Appendix A of the Ordinance.

SECTION 3. Creation of Purchase Fund. There is established in the Ordinance and maintained with the Tender Agent, as agent for the Paying Agent/Registrar, a separate fund to be known as the "Purchase Fund," which shall be held by the Tender Agent for the exclusive benefit of the Holders of Bonds who are entitled to be paid the Purchase Price of such Bonds from such Fund and, to the extent of any surplus, the Person who deposited the money into the applicable account of the Purchase Fund. The Tender Agent shall further establish separate accounts within the Purchase Fund to be known as the "Liquidity Facility Purchase Account," and the "Remarketing Proceeds Account."

Upon receipt from the Remarketing Agent of the proceeds of remarketing a Bond to Persons other than Excluded Persons on the date such Bond is to be purchased, the Tender Agent shall deposit such proceeds in the Remarketing

Proceeds Account for application to the Purchase Price of the remarketed Bond. Notwithstanding the foregoing, upon the receipt of the proceeds of remarketing Liquidity Provider Bonds, the Tender Agent shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider. Any amounts deposited in the Remarketing Proceeds Account and not needed with respect to the Purchase Price for any Bonds (including undetermined Bonds) shall be immediately returned to the order of the Remarketing Agent.

Upon receipt from the Liquidity Provider of immediately available funds to pay the Purchase Price of Bonds, the Tender Agent shall deposit such money in the Liquidity Facility Purchase Account for application to the Purchase Price of the Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price for any Bonds (including undetermined Bonds) shall be immediately returned to the order of the Liquidity Provider.

Amounts held in the Liquidity Facility Purchase Account and the Remarketing Proceeds Account by the Tender Agent shall be held uninvested and separate and apart from all other funds and accounts.

SECTION 4. Deposit of Bonds. The Tender Agent agrees to hold all Bonds delivered to it (or transferred to the DTC Participant account of the Tender Agent if such Bonds are held in the Book-Entry System) pursuant to Part 4.10 of Appendix A to the Ordinance, in trust for the benefit of the respective Holders which delivered or transferred such Bonds, until required to be delivered by the Tender Agent pursuant to Section 10 or Section 11 hereof. With respect to any Liquidity Provider Bonds held in the Book-Entry System and delivered to the Tender Agent under Section 8 hereof, the Tender Agent shall act as a DTC Participant on behalf of the Bank, as beneficial owner of such Liquidity Provider Bonds, and shall take all such actions on behalf of the Bank as may be required with respect thereto during such time as such Liquidity Provider Bonds are held in the Book-Entry System.

SECTION 5. Tenders; Remarketing of the Bonds.

(a) Mandatory Tenders. No later than immediately after the Tender Agent becomes aware of a Mandatory Purchase Date, it shall notify by Electronic Means confirmed by mailed written notice the Liquidity Provider, the Credit Provider, the City and the Remarketing Agent of the clause of the definition of Mandatory Purchase Date pursuant to which such Mandatory Purchase Date exists,

such Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Holder are to be purchased and that interest on the Bonds subject to mandatory tender shall cease to accrue for the account of such Holders from and after the Purchase Date.

(b) Optional Tenders. Unless otherwise set forth in the Ordinance, the Beneficial Owners of Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to an Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a an irrevocable notice submitted by Electronic Means (the “Tender Notes”) promptly confirmed in writing by such Owner by telecopier to the Tender Agent and Remarketing Agent by 11:00 a.m., or such other time required by the Liquidity Facility, (for Daily Mode) and 4:00 p.m. (for Weekly Mode). Immediately upon receipt of a Tender Notice, the Tender Agent shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

(c) Remarketing of the Bonds.

(i) On each Purchase Date on which the Remarketing Agent is to remarket Bonds, the Remarketing Agent shall notify by Electronic Means the City and the Tender Agent by 9:30 a.m., New York City time, if it has remarketed all the tendered Bonds or if it has been unable to remarket any tendered Bonds, and shall include in such notice the principal amount of Bonds it has been unable to remarket.

(ii) The Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 12:45 p.m., New York City time, of the names of the purchasers of the remarketed Bonds and such information as may be necessary to register the Bonds and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto.

(iii) The Remarketing Agent shall, at or prior to 9:45 a.m., New York City time, cause the aggregate Purchase Price of tendered Bonds that have been successfully remarketed to be paid to the Tender Agent in immediately available funds for deposit to the Remarketing Proceeds Account of the Purchase Fund.

(iv) On each Purchase Date, if the Remarketing Agent shall have given notice to the Tender Agent described above that it has been unable to

remarket any of the Bonds, the Tender Agent shall direct the Paying Agent/Registrar to draw on the Liquidity Facility, or make demand for the purchase of tendered Bonds thereunder, before 10:30 a.m., New York City time, in an amount equal to the Purchase Price of all such Bonds which have not been successfully remarketed.

SECTION 6. Tender of Bonds to Tender Agent. Each Holder who is required to tender its Bond to the Tender Agent must tender such Bond to the Tender Agent in accordance with Part 4.10 of Appendix A, of the Ordinance. Any Bonds required to be tendered for purchase which are not in fact delivered, but for which there has been irrevocably deposited with the Tender Agent in the Purchase Fund an amount of money sufficient to pay the Purchase Price thereof, shall be deemed to have been purchased by the Tender Agent pursuant to the Ordinance.

SECTION 7. [Reserved].

SECTION 8. Purchase of Tendered Bonds by the Bank; Deposits into the Liquidity Facility Purchase Account of the Purchase Fund; Notice to Paying Agent/Registrar and Tender Agent; Release of Liquidity Provider Bonds. The Bank, upon receipt of a Liquidity Drawing Certificate in the form of Exhibit E to the Reimbursement Agreement, has agreed in the Reimbursement Agreement to purchase such unremarketed Bonds by causing an amount equal to the aggregate Purchase Price of the unremarketed Bonds to be deposited in immediately available funds in the Liquidity Facility Purchase Account of the Purchase Fund no later than 2:00 p.m. New York City time on the Purchase Date against delivery of such Bonds at the time and in the manner set forth in the Reimbursement Agreement.

The Tender Agent agrees to hold Liquidity Provider Bonds as agent of the Bank and to release any Liquidity Provider Bonds solely in accordance with Part 4.8 of Appendix A of the Ordinance.

SECTION 9. Disbursements from the Purchase Fund. Money in the Remarketing Proceeds Account and Liquidity Facility Purchase Account of the Purchase Fund shall be applied by the Tender Agent by 3:30 p.m. New York City time on each Purchase Date to purchase Bonds tendered to the Tender Agent at the Purchase Price in accordance with Part 4.9 of Appendix A of the Ordinance. Such Purchase Price shall be paid by wire transfer in immediately available funds on such Purchase Date; provided, however, for so long as the Bonds are held in the Book-Entry System, such payment will be in accordance with the requirements of the Book-Entry System.

SECTION 10. Transfer and Delivery of Tendered Bonds for Purchase. A principal amount of Bonds equal to the principal amount of Bonds purchased on behalf of the Remarketing Agent pursuant to Sections 5 and 11 hereof or by the Bank pursuant to Section 8 hereof shall be authenticated by the Paying Agent/Registrar and delivered to, or as instructed by, the Remarketing Agent or the Bank, as appropriate, and the Tender Agent shall cause the Paying Agent/Registrar to register such Bonds in the name or names provided by the Remarketing Agent or the Bank, as applicable. The Remarketing Agent is required to redeliver such Bonds received from the Tender Agent to the respective purchasers not later than 3:30 p.m. New York City time. The Tender Agent shall deliver to the Paying Agent/Registrar for cancellation all Bonds purchased and transferred pursuant to Sections 5, 8 and 11 hereof.

Notwithstanding anything to the contrary in the foregoing paragraph, for so long as the Bonds are held in the system of book-entry of DTC in accordance with Part 3.06 of the Ordinance and Part 4.10 of Appendix A of the Ordinance , (i) any Bond remarketed by the Remarketing Agent shall be delivered to the new beneficial owner thereof by a transfer in the book-entry system of DTC of such remarketed Bond to the applicable DTC Participant account for such beneficial owner; and (ii) Liquidity Provider Bonds shall be delivered to the Bank by a transfer in the book-entry system of DTC of such Liquidity Provider Bonds to the DTC Participant account of the Tender Agent for the benefit of the Bank, as beneficial owner of such Liquidity Provider Bonds.

SECTION 11. Remarketing of Liquidity Provider Bonds. The Remarketing Agent shall exercise its best efforts to solicit purchases of any Liquidity Provider Bonds at a price of not less than par, and the proceeds of any remarketing of such Liquidity Provider Bonds shall be deposited into the Remarketing Proceeds Account of the Purchase Fund. Upon receipt by the Tender Agent of funds representing the proceeds of the remarketing of such Liquidity Provider Bonds, new Bonds in place of such Liquidity Provider Bonds so remarketed shall be registered in the names of the buyers thereof by the Paying Agent/Registrar and delivered by the Remarketing Agent to the buyers thereof and the proceeds of such remarketing shall, prior to or simultaneously with such delivery, be transferred by the Tender Agent to the Bank by wire transfer of lawful money of the United States of America freely transferable and immediately available funds as set forth in Section 2.06 of the Reimbursement Agreement. The Tender Agent agrees that it will, immediately upon receipt, send to the Bank by facsimile transmission or other electronic means copies of all notices and other communications received by the Tender Agent with respect to any of the Liquidity Provider Bonds.

SECTION 12. Maintenance of Books and Records. The Tender Agent agrees to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent/Registrar at all reasonable times.

SECTION 13. Notice. Except as specifically provided in this Tender Agent Agreement, all notices, demands and formal actions under this Tender Agent Agreement shall be in writing and mailed, telecommunicated or otherwise delivered to:

The Tender Agent: Deutsche Bank Trust Company Americas
60 Wall Street
27th Floor, MS NYC60-2715
New York, New York 10005
Attention: Corporate Trust
Telephone: (908)-608-4094
Telecopy: (908) 608-3220

The City: City of Austin, Texas
700 Lavaca, Suite 1510
Austin, Texas 78701
Attention: Treasurer
Telephone: (512) 974-7882
Telecopy: (512) 370-3838

The Bank: Dexia Credit Local, New York Branch
445 Park Avenue, 7th Floor
New York, New York 10022
Attention: Senior Vice President and
Manager, Public Finance
Telephone: (212) 515-7003
Telecopy: (212) 753-7516

Attention: Vice President of Operations
Telephone: (212) 408-6016
Facsimile: (212) 581-3268

SECTION 14. General.

(a) Payment of Tender Agent: Indemnification. The City shall pay all reasonable and actual out of pocket expenses of the Tender Agent for acting under

and pursuant to this Tender Agent Agreement as set forth in Annex A hereto. To the extent permitted by law, the City shall indemnify and save harmless the Tender Agent and its officers and employees from and against any and all losses, costs, charges, expenses, judgments and liabilities to third parties arising out of its acting in good faith to carry out the transactions contemplated by this Tender Agent Agreement; provided, however, that such indemnification shall not apply to any losses, costs, charges, expenses, judgments or liabilities caused by the negligence or willful misconduct of the Tender Agent or its officers or employees. The terms of this Section 14(a) shall survive the termination of this Tender Agent Agreement and the payment of the all fees, expenses and amounts due hereunder shall be subject to annual appropriation of available funds by the City for the payment thereof.

(b) Tender Agent's Performance: Duty of Care. The Tender Agent consents and agrees to (i) hold all sums held by it for the payment of Bonds or Liquidity Provider Bonds, as applicable, in trust for the benefit of the Holders or the Bank, as applicable, until such sums shall be paid to the Holders or the Bank or otherwise disposed of as herein provided, and (ii) perform and comply with all the terms and provisions on its part contained in this Tender Agent Agreement.

The duties and obligations of the Tender Agent shall be determined solely by the express provisions of this Tender Agent Agreement and the Ordinance, and no implied covenants or obligations shall be read into this Tender Agent Agreement against the Tender Agent; and in the absence of negligence or willful misconduct on the part of the Tender Agent, the Tender Agent may conclusively rely, as to the truth of the statements expressed therein, upon any document furnished to the Tender Agent and conforming to the requirements of this Tender Agent Agreement and the Tender Agent may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties; but in the case of any such document which by any provision hereof is specifically required to be furnished to the Tender Agent, the Tender Agent shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Tender Agent Agreement.

No provision of this Tender Agent Agreement shall be construed to relieve the Tender Agent from liability for its own negligence or willful misconduct or that of its officers or employees.

(c) Payments. Any provision of this Tender Agent Agreement or any statute to the contrary notwithstanding, the Tender Agent hereby waives any rights to, or liens for, its fees, charges and expenses for services hereunder from funds or

obligations credited to the Purchase Fund. The Tender Agent agrees that it will be reimbursed and compensated for its fees, charges and expenses for acting under and pursuant to this Tender Agent Agreement only from payments to be made by the City pursuant to Section 14(a) hereof.

(d) Term of Tender Agent Agreement. This Tender Agent Agreement shall become effective upon the issuance of the Bonds and shall remain in full force and effect until (i) such time as the principal of and premium, if any, and interest on all Bonds under the Ordinance shall have been paid or shall no longer have the right to be tendered for purchase; provided, however, that the City and the Tender Agent shall have fulfilled all their respective obligations hereunder, whereupon this Tender Agent Agreement shall terminate; or (ii) resignation by the Tender Agent or removal of the Tender Agent in accordance with Section 14(e) hereof, it being understood, in each case, that the Tender Agent does not waive or relinquish any rights it may have under Section 14(a) hereof.

(e) Resignation by or Removal of the Tender Agent. The Tender Agent may at any time resign and be discharged from the duties and obligations hereby created by giving at least sixty (60) days' written notice by first class mail, postage prepaid, to the City, the Remarketing Agent, the Bank and the Paying Agent/Registrar; provided, that resignation or removal (as set out below) shall not be effective until a successor Tender Agent, which shall be a bank or trust company duly qualified to act in the capacity as a successor Tender Agent, shall have been appointed by the City. If no successor Tender Agent has been appointed within thirty (30) days after the effective date specified in such notice of resignation by the Tender Agent, the Tender Agent may request a court of competent jurisdiction to appoint a successor Tender Agent having the qualifications required by law. The Tender Agent may be removed at any time, at the direction of the City, by an instrument signed by the City and filed with the Tender Agent, Remarketing Agent, the Bank and the Paying Agent/Registrar. A copy of such notice of resignation or instrument of removal shall be sent by the Paying Agent/Registrar to the Rating Agency by which the Bonds are then rated.

(f) Amendments. (i) This Tender Agent Agreement may not be amended so as to adversely affect the right of the Holders or the Bank to effect the purchase of Bonds pursuant to the Ordinance without the prior written approval of the Bank and (ii) the City agrees to give to the Tender Agent prompt written notice of any modification or change of or supplement or amendment to the Ordinance which would affect the rights or obligations of the Tender Agent hereunder. No such modification or change shall be effective against the Tender Agent unless the Tender Agent shall have consented thereto in writing.

(g) Successors and Assigns. The rights, duties and obligations of the City, the Paying Agent/Registrar, the Remarketing Agent and the Tender Agent hereunder shall inure, without further act, to their respective successors and permitted assigns; provided, however, that the Tender Agent may not assign or delegate its rights and obligations under this Tender Agent Agreement without the prior written consent of the City and, provided further, any successor Tender Agent shall execute a tender agent agreement substantially in the form and substance as this Tender Agent Agreement.

(h) Counterparts. This Tender Agent Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(i) Limited Liability. Any obligation of the City created by or arising out of this Tender Agent Agreement and owing to the Tender Agent shall be a limited unsecured obligation of the City, payable solely from the Pledged Revenues, in accordance with the customary payment approval procedures, policies and processes of the City.

(j) Governing Law. This Agreement shall be governed by the laws of the State of Texas.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Tender Agent Agreement to be duly executed and delivered as of the date first above written by their respective officers thereunto duly authorized.

DEUTSCHE BANK TRUST COMPANY
AMERICAS, New York, New York

(BANK SEAL)

By: _____
Title: _____

Address: 25 DeForest Avenue, 2nd Floor
Summit, NJ 07901

ATTEST:

By: _____
Title: _____

CITY OF AUSTIN, TEXAS

Will Wynn, Mayor

Address: 700 Lavaca, Suite 1510
Austin, Texas 78701

(CITY SEAL)

ATTEST:

Shirley A. Gentry
City Clerk

ANNEX A
FEES OF THE TENDER AGENT

**Exhibit F
to
Ordinance**

BOND PURCHASE AGREEMENT

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CITY OF AUSTIN, TEXAS
(A political subdivision of the State of Texas
located in Travis and Williamson Counties)

§ _____
Hotel Occupancy Tax
Subordinate Lien Variable Rate Revenue Refunding Bonds
Series 2008 (Subseries A)

BOND PURCHASE AGREEMENT

August 13, 2008

Honorable Mayor and City Council
City of Austin, Texas
301 West 2nd Street
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Morgan Keegan & Company, Inc. (the "*Underwriter*"), acting on its own behalf and not acting as a fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the City of Austin, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Austin, Texas time, on August 13, 2008, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. **Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's \$ _____ Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (Subseries A) (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as an underwriter for its own account.

The Bonds shall be issued and secured under and pursuant to the provisions of (i) Ordinance No. 20080724-____, including the appendix and exhibits thereto, adopted by the Issuer on July 24, 2008, and (ii) a pricing certificate, dated as of _____, 2008,

signed by an authorized representative of the City appointed by the City Council and duly authorized to approve the pricing and terms of sale for the Bonds (collectively, the “Ordinance”). Capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Ordinance.

The Bonds shall mature on November 15, 2029, subject to redemption prior to maturity as described in the Ordinance. Initially, the Bonds will be issued as variable rate bonds accruing interest in a Weekly Mode from the date of the Closing (as herein defined) at a Weekly Rate (initially ___% per annum) (unless converted to a different Mode in accordance with the Ordinance). The purchase price for the Bonds shall be \$_____ (representing the par amount of the Bonds, less an Underwriter’s discount of \$_____).

In connection with the Bonds, the Issuer has entered into (a) an ISDA Master Agreement, including the Schedule and Confirmation thereto, with Morgan Keegan Financial Products (“MKFP”), dated as of August __, 2008, (b) a Credit Support Annex to the Schedule to the ISDA Master Agreement, with Deutsche Bank AG, New York Branch (“Deutsche Bank”), dated as of August __, 2008 and (c) Replacement Transaction Agreement with MKFP and Deutsche Bank, dated as of August __, 2008. The ISDA Master Agreement, the Schedule, the Confirmation, the Credit Support Annex and the Replacement Transaction Agreement are collectively referred to as the “*Swap Agreement*” Concurrently with the execution of this Agreement, the Issuer has executed a Bond Purchase Agreement with Banc of America Securities LLC, relating to the issuance by the Issuer its \$_____ Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (Subseries B) (the “*Subseries B Bonds*”) on substantially the same terms as provided herein with respect to the issuance of the Bonds.

2. Public Offering The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering price set forth on the front cover of the Official Statement and, subsequently, may change such offering prices without any requirement of prior notice. On or before Closing, the Underwriter shall execute a certificate prepared by Bond Counsel verifying the initial offering prices to the public at which a substantial amount of each stated maturity of the Bonds was sold to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the front cover of the Official Statement.

3. The Official Statement

(a) The Issuer has prepared a final Official Statement relating to the Bonds, which is (i) dated August 7, 2008 and (ii) complete as of such date and as of the date of this Agreement within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (the “*Rule*”). Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may

be authorized for use with respect to the Bonds, is herein referred to as the “*Official Statement*.”

(b) The Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds, and the Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer has provided to the Underwriter copies of the Official Statement which was complete as of the date of its delivery to the Underwriter in such quantity as requested by the Underwriter; and, during the period up to and including the twenty-fifth (25th) day subsequent to the “end of the underwriting period” (as defined in the Rule), the Issuer shall provide, or cause to be provided, to the Underwriter such additional copies of the Official Statement as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the “end of the underwriting period” and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the judgment of the Underwriter, reasonably exercised, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Underwriter hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository. Unless

otherwise notified in writing by the Underwriter, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a duly organized municipal corporation and a political subdivision of the State of Texas (the “State”), duly created, validly existing, and acting under the provisions of the Constitution and the laws of the State (including the Issuer’s home rule charter); and the Issuer has full legal right, power and authority pursuant to the Constitution and the laws of the State, including particularly Chapters 1207 and 1371, Texas Government Code, as amended, Chapter 334, Texas Local Government Code, as amended, and Chapter 351, Texas Tax Code, as amended (collectively, the “Acts”), and its home rule charter, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Ordinance, the escrow agreement described in the Ordinance (the “Escrow Agreement”), the Continuing Disclosure Undertaking (as defined in Section 6(j)(2) hereof), the Remarketing Agreement, the Tender Agent Agreement, the Liquidity Facility, the Swap Agreement and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Ordinance, the Escrow Agreement, the Continuing Disclosure Undertaking, the Remarketing Agreement, the Tender Agent Agreement, the Liquidity Facility, the Swap Agreement and such other documents are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, (iii) to levy and collect the Pledged Hotel Occupancy Tax Revenues and the Special Hotel Occupancy Tax (collectively, the “Hotel Taxes”) and (iv) to carry out and consummate the transactions contemplated by this Agreement, the Ordinance and the Official Statement; and the Issuer has complied, and will at the Closing be in compliance in all respects with the terms of its home rule charter, applicable State law (including the Acts) and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding limited obligations of the Issuer payable from and secured by a lien on and pledge of the Pledged Revenues (as described in the Official Statement), entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Ordinance;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is (or any of its property or assets are) otherwise subject; and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law or administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject, or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained or will be obtained prior to the Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "SECURITY FOR THE BONDS" and "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the

captions “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS”; and the Continuing Disclosure Undertaking contained in the Ordinance conforms to the description thereof contained in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION”;

(g) Except as otherwise provided in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings”, during the last five (5) years the Issuer has complied in all material respects with its previous Continuing Disclosure Undertakings made by it in accordance with the Rule;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of Pledged Revenues pledged to the payment of the principal of and interest on the Bonds pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds (including the security therefor) or the Issuer Documents;

(i) As of the date thereof, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the “end of the underwriting period,” the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to

and including the twenty-fifth (25th) day subsequent to the “end of the underwriting period,” the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(m) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will promptly advise the Underwriter of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The Issuer’s financial statements and the other information regarding the Issuer’s financial condition and operations set forth in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information;

(o) The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the Issuer’s financial condition or operations;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (other than the Subseries B Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall

be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein; and

(r) The Issuer covenants that between the date hereof and the date of the Closing it will take no action within its control which will cause the representations and warranties made in this Section to be untrue as of the Closing.

5. Closing

(a) At 10.00 a.m., Austin, Texas time, on August 14, 2008, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Deutsche Bank Trust Company Americas, New York, New York (the "*Paying Agent/Registrar*"), or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds in definitive form shall be made through The Depository Trust Company, New York, New York ("*DTC*"). The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, registered in the name of Cede & Co., all as provided in the Ordinance, and shall be made available to the Underwriter before Closing for the purpose of inspection.

6. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Ordinance; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter,

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At the time of the Closing, (i) all official action of the Issuer relating to the Subseries B Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriter to deliver their respective opinions referred to in the Bond Purchase Agreement for the Subseries B Bonds and (iii) the net proceeds of the sale of the Subseries B Bonds shall be deposited and applied as described in the Official Statement and in the Ordinance;

(f) At or prior to the Closing, the Ordinance shall have been duly adopted by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriter, reasonably exercised, is material and adverse and that makes it, in such judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) At or prior to the Closing, the Underwriter shall have received a copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Underwriter;

(2) A copy of the Ordinance, which shall contain the undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*"), certified by the City Clerk as having been duly adopted by the Issuer and in full force and effect, with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Escrow Agreement, having been duly executed by the Issuer and Deutsche Bank Trust Company Americas, New York, New York (the "Escrow Agent");

(4) The approving opinion of Fulbright & Jaworski L.L.P. ("*Bond Counsel*") with respect to the Bonds, in substantially the form attached to the Official Statement;

(5) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriter, substantially to the effect that:

(i) the Ordinance has been duly adopted and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) the statements and information in the Official Statement under the captions "PLAN OF FINANCING-Refunded Bonds," "SECURITY FOR THE BONDS" (except for information in the last sentence of the first paragraph and the second paragraph of the subcaption "Historical Hotel Occupancy Tax Receipts" and under the subcaptions "Historical Hotel Occupancy Tax Collections," "Top Twenty Hotel Occupancy Taxpayers" and "Historical Hotel Occupancy Data"), "DESCRIPTION OF THE BONDS" (except for information under the subcaption "Book-Entry Tenders," "Disclosure Concerning Tender Process and Sales of Adjustable Rate Bonds by Remarketing Agents" and "Bondholders Remedies"), "THE INITIAL LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT - Alternative

Liquidity Facility”, “THE SWAP AGREEMENTS,” “TAX EXEMPTION,” “CONTINUING DISCLOSURE OF INFORMATION” (except for information under the subsection captioned “Compliance With Prior Undertakings”), “OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds,” “OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and in APPENDIX C accurately and fairly describe the provisions of the Bonds and the Ordinance and are correct as to matters of law;

(6) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act and the Ordinance need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the municipal bond insurance policy, in each case as to which no view need be expressed);

(7) A certificate, dated the date of Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to the best of his or her knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the council members, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) attempt to restrain or enjoin the issuance or delivery of the Bonds or the Issuer’s levy and collection of the Hotel

Taxes, or contest the validity, due authorization and execution of the Bonds or the Issuer Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues (or making payments on the Bonds) pursuant to the Ordinance or other income, or levying, assessing or collecting the Pledged Revenues, pledged or to be pledged, to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official actions of the Issuer relating to the Official Statement, the Bonds and the Issuer Documents have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Issuer makes no representations with respect to the descriptions in the Official Statement of The Depository Trust Company, New York, New York, or its book-entry-only system, or the information provided by the Bank and included in Appendix F to the Official Statement; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2007, the latest date as of which audited financial information is available;

(8) A certificate of an appropriate official of the Issuer to the effect that KPMG LLP and Mendoza & Company, PC, have consented to the inclusion in the Official Statement of certain excerpts (or the complete audited financial statements) of the Issuer, and their report thereon, for the Issuer's fiscal year ended September 30, 2007;

(9) A certificate of the Issuer, dated the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other

facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds and the Swap Agreements;

(11) Evidence of ratings assigned to the Bonds of “_/_” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc , and “_/_” by Moody’s Investors Service, Inc., as a result of the issuance of the Liquidity Facility by the Bank;

(12) Fully executed counterparts of the Remarketing Agreement, the Tender Agent Agreement and the Swap Agreement;

(13) The Liquidity Facility, having been duly executed by the Issuer and Dexia Credit Local, acting through its New York Branch (the “Bank”);

(14) An opinion of Andrews Kurth LLP, domestic counsel to the Bank, in a form acceptable to the Underwriter;

(15) An opinion of foreign counsel to the Bank in a form acceptable to the Underwriter,

(16) A certificate of the Bank with respect to the accuracy of statements contained in the Official Statement regarding the Liquidity Facility and the Bank;

(17) A copy of a special report prepared by The Arbitrage Group, Inc , independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the *principal of and interest on the Refunded Bonds*, and (ii) the computation of the yield with respect to the Federal Securities and the Bonds;

(18) Evidence that moneys or Federal Securities sufficient to effectuate the refunding and defeasance of the Refunded Bonds have been received by the Escrow Agent and that such moneys or Federal Securities have been deposited in the escrow fund under the Escrow Agreement; and

(19) Such additional legal opinions, certificates, instruments and other documents as are required by the Ordinance for the issuance thereunder of the Bonds or as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as

of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. The Underwriter has reviewed the Continuing Disclosure Undertaking made by the Issuer in the Ordinance.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

7. **Termination.** The Underwriter shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole reasonable judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press

release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws (as amended and then in effect) or any rule or regulation promulgated thereunder;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) there shall be in force a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by such exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(e) additional material restrictions upon trading in securities generally not in force as of the date hereof shall have been imposed by the New York Stock Exchange or by any other national securities exchange or any governmental authority having jurisdiction, or the New York Stock Exchange, any other national securities exchange or any governmental authority having jurisdiction, shall have imposed, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of Underwriter or broker-dealers;

(f) a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(g) a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(h) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the collection of Pledged Revenues to pay the Issuer's obligations secured by

and payable from the Pledged Revenues (including principal of and interest on the Bonds);

(i) any fact or event shall exist or have existed, or information shall become known which makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) there shall have occurred since the date of this Agreement any materially adverse change in the operations or financial condition of the Issuer;

(k) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency, or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(l) there shall have occurred or notice shall have been given of any intended downgrading or published negative change in outlook in the rating accorded to any of the Issuer's debt obligations that are secured in a like manner as the Bonds (including the Bonds); and

(m) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, and such prohibition is not the result of the Underwriter's action or non-action.

8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other attorneys, engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings and municipal bond insurance, if any; (v) the costs of preparing, printing and mailing the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriter as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and officials of the Issuer; (ix) the Attorney General's review fee; and (x) any other expenses mutually agreed to by the Issuer and the Underwriter to be

reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Austin, Texas, 700 Lavaca, Suite 1510, Austin, Texas 78701, Attention: Treasurer, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Morgan Keegan & Company, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Tom Oppenheim.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day** For purposes of this Agreement, "business day" means any day on which (a) the New York Stock Exchange is open for trading and (b) the payment system of the Federal Reserve System is operational.

15. **Section Headings**. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement

16. **Counterparts**. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Execution Page Follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between the Issuer and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

MORGAN KEEGAN & COMPANY, INC.

By: _____
Name: _____
Title: _____

ACCEPTED and agreed to as of the date first written above.

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

[Execution Page]

CITY OF AUSTIN, TEXAS
(A political subdivision of the State of Texas
located in Travis and Williamson Counties)

§ _____
Hotel Occupancy Tax
Subordinate Lien Variable Rate Revenue Refunding Bonds
Series 2008 (Subseries B)

BOND PURCHASE AGREEMENT

August 13, 2008

Honorable Mayor and City Council
City of Austin, Texas
301 West 2nd Street
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Banc of America Securities LLC (the "*Underwriter*"), acting on its own behalf and not acting as a fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the City of Austin, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Austin, Texas time, on August 13, 2008, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's \$ _____ Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (Subseries B) (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as an underwriter for its own account.

The Bonds shall be issued and secured under and pursuant to the provisions of (i) Ordinance No. 20080724-____, including the appendix and exhibits thereto, adopted by the Issuer on July 24, 2008, and (ii) a pricing certificate, dated as of _____, 2008, signed

by an authorized representative of the City appointed by the City Council and duly authorized to approve the pricing and terms of sale for the Bonds (collectively, the "Ordinance"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Ordinance.

The Bonds shall mature on November 15, 2029, subject to redemption prior to maturity as described in the Ordinance. Initially, the Bonds will be issued as variable rate bonds accruing interest in a Weekly Mode from the date of the Closing (as herein defined) at a Weekly Rate (initially ___% per annum) (unless converted to a different Mode in accordance with the Ordinance). The purchase price for the Bonds shall be \$_____ (representing the par amount of the Bonds, less an Underwriter's discount of \$_____).

In connection with the Bonds, the Issuer has entered into (a) an ISDA Master Agreement, including the Schedule and Confirmation thereto, with Morgan Keegan Financial Products ("MKFP"), dated as of August __, 2008, (b) a Credit Support Annex to the Schedule to the ISDA Master Agreement, with Deutsche Bank AG, New York Branch ("Deutsche Bank"), dated as of August __, 2008 and (c) Replacement Transaction Agreement with MKFP and Deutsche Bank, dated as of August __, 2008. The ISDA Master Agreement, the Schedule, the Confirmation, the Credit Support Annex and the Replacement Transaction Agreement are collectively referred to as the "Swap Agreement". Concurrently with the execution of this Agreement, the Issuer has executed a Bond Purchase Agreement with Morgan Keegan & Company, Inc. relating to the issuance by the Issuer its \$_____ Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (Subseries A) (the "Subseries A Bonds") on substantially the same terms as provided herein with respect to the issuance of the Bonds.

2. **Public Offering** The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering price set forth on the front cover of the Official Statement and, subsequently, may change such offering prices without any requirement of prior notice. On or before Closing, the Underwriter shall execute a certificate prepared by Bond Counsel verifying the initial offering prices to the public at which a substantial amount of each stated maturity of the Bonds was sold to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the front cover of the Official Statement.

3. **The Official Statement.**

(a) The Issuer has prepared a final Official Statement relating to the Bonds, which is (i) dated August 7, 2008 and (ii) complete as of such date and as of the date of this Agreement within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "Rule"). Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may

be authorized for use with respect to the Bonds, is herein referred to as the “*Official Statement.*”

(b) The Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds, and the Issuer hereby authorizes the Official Statement and the *information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds.* The Issuer has provided to the Underwriter copies of the Official Statement which was complete as of the date of its delivery to the Underwriter in such quantity as requested by the Underwriter; and, during the period up to and including the twenty-fifth (25th) day subsequent to the “end of the underwriting period” (as defined in the Rule), the Issuer shall provide, or cause to be provided, to the Underwriter such additional copies of the Official Statement as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the “end of the underwriting period” and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the judgment of the Underwriter, reasonably exercised, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Underwriter hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository. Unless

otherwise notified in writing by the Underwriter, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a duly organized municipal corporation and a political subdivision of the State of Texas (the “State”), duly created, validly existing, and acting under the provisions of the Constitution and the laws of the State (including the Issuer’s home rule charter); and the Issuer has full legal right, power and authority pursuant to the Constitution and the laws of the State, including particularly Chapters 1207 and 1371, Texas Government Code, as amended, Chapter 334, Texas Local Government Code, as amended, and Chapter 351, Texas Tax Code, as amended (collectively, the “Acts”), and its home rule charter, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Ordinance, the escrow agreement described in the Ordinance (the “Escrow Agreement”), the Continuing Disclosure Undertaking (as defined in Section 6(j)(2) hereof), the Remarketing Agreement, the Tender Agent Agreement, the Liquidity Facility, the Swap Agreement and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Ordinance, the Escrow Agreement, the Continuing Disclosure Undertaking, the Remarketing Agreement, the Tender Agent Agreement, the Liquidity Facility, the Swap Agreement and such other documents are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, (iii) to levy and collect the Pledged Hotel Occupancy Tax Revenues and the Special Hotel Occupancy Tax (collectively, the “Hotel Taxes”) and (iv) to carry out and consummate the transactions contemplated by this Agreement, the Ordinance and the Official Statement; and the Issuer has complied, and will at the Closing be in compliance in all respects with the terms of its home rule charter, applicable State law (including the Acts) and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding limited obligations of the Issuer payable from and secured by a lien on and pledge of the Pledged Revenues (as described in the Official Statement), entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Ordinance;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is (or any of its property or assets are) otherwise subject; and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing, and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law or administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject, or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance,

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained or will be obtained prior to the Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "SECURITY FOR THE BONDS" and "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the

captions “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS”; and the Continuing Disclosure Undertaking contained in the Ordinance conforms to the description thereof contained in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION”;

(g) Except as otherwise provided in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings”, during the last five (5) years the Issuer has complied in all material respects with its previous Continuing Disclosure Undertakings made by it in accordance with the Rule;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of Pledged Revenues pledged to the payment of the principal of and interest on the Bonds pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds (including the security therefor) or the Issuer Documents;

(i) As of the date thereof, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the “end of the *underwriting period*,” the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to

and including the twenty-fifth (25th) day subsequent to the “end of the underwriting period,” the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(m) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will promptly advise the Underwriter of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose,

(n) The Issuer’s financial statements and the other information regarding the Issuer’s financial condition and operations set forth in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information;

(o) The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the Issuer’s financial condition or operations;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (other than the Subseries A Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall

be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein; and

(r) The Issuer covenants that between the date hereof and the date of the Closing it will take no action within its control which will cause the representations and warranties made in this Section to be untrue as of the Closing.

5. Closing.

(a) At 10.00 a.m., Austin, Texas time, on August 14, 2008, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Deutsche Bank Trust Company Americas, New York, New York (the "*Paying Agent/Registrar*"), or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds in definitive form shall be made through The Depository Trust Company, New York, New York ("*DTC*"). The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, registered in the name of Cede & Co., all as provided in the Ordinance, and shall be made available to the Underwriter before Closing for the purpose of inspection.

6. **Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Ordinance; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At the time of the Closing, (i) all official action of the Issuer relating to the Subseries A Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriter to deliver their respective opinions referred to in the Bond Purchase Agreement for the Subseries A Bonds and (iii) the net proceeds of the sale of the Subseries A Bonds shall be deposited and applied as described in the Official Statement and in the Ordinance;

(f) At or prior to the Closing, the Ordinance shall have been duly adopted by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriter, reasonably exercised, is material and adverse and that makes it, in such judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) At or prior to the Closing, the Underwriter shall have received a copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Underwriter;

(2) A copy of the Ordinance, which shall contain the undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*"), certified by the City Clerk as having been duly adopted by the Issuer and in full force and effect, with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Escrow Agreement, having been duly executed by the Issuer and Deutsche Bank Trust Company Americas, New York, New York (the "Escrow Agent");

(4) The approving opinion of Fulbright & Jaworski L.L.P. ("*Bond Counsel*") with respect to the Bonds, in substantially the form attached to the Official Statement;

(5) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriter, substantially to the effect that:

(i) the Ordinance has been duly adopted and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) the statements and information in the Official Statement under the captions "PLAN OF FINANCING-Refunded Bonds," "SECURITY FOR THE BONDS"(except for information in the last sentence of the first paragraph and the second paragraph of the subcaption "Historical Hotel Occupancy Tax Receipts" and under the subcaptions "Historical Hotel Occupancy Tax Collections," "Top Twenty Hotel Occupancy Taxpayers" and "Historical Hotel Occupancy Data"), "DESCRIPTION OF THE BONDS" (except for information under the subcaption "Book-Entry Tenders," "Disclosure Concerning Tender Process and Sales of Adjustable Rate Bonds by Remarketing Agents" and "Bondholders Remedies"), "THE INITIAL LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT - Alternative

Liquidity Facility”, “THE SWAP AGREEMENTS,” “TAX EXEMPTION,” “CONTINUING DISCLOSURE OF INFORMATION” (except for information under the subsection captioned “Compliance With Prior Undertakings”), “OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds,” “OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and in APPENDIX C accurately and fairly describe the provisions of the Bonds and the Ordinance and are correct as to matters of law;

(6) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act and the Ordinance need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the municipal bond insurance policy, in each case as to which no view need be expressed);

(7) A certificate, dated the date of Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to the best of his or her knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the council members, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) attempt to restrain or enjoin the issuance or delivery of the Bonds or the Issuer’s levy and collection of the Hotel

Taxes, or contest the validity, due authorization and execution of the Bonds or the Issuer Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues (or making payments on the Bonds) pursuant to the Ordinance or other income, or levying, assessing or collecting the Pledged Revenues, pledged or to be pledged, to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official actions of the Issuer relating to the Official Statement, the Bonds and the Issuer Documents have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Issuer makes no representations with respect to the descriptions in the Official Statement of The Depository Trust Company, New York, New York, or its book-entry-only system, or the information provided by the Bank and included in Appendix F to the Official Statement; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2007, the latest date as of which audited financial information is available;

(8) A certificate of an appropriate official of the Issuer to the effect that KPMG LLP and Mendoza & Company, PC, have consented to the inclusion in the Official Statement of certain excerpts (or the complete audited financial statements) of the Issuer, and their report thereon, for the Issuer's fiscal year ended September 30, 2007;

(9) A certificate of the Issuer, dated the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other

facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds and the Swap Agreements,

(11) Evidence of ratings assigned to the Bonds of “_/_” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc , and “_/_” by Moody’s Investors Service, Inc., as a result of the issuance of the Liquidity Facility by the Bank;

(12) Fully executed counterparts of the Remarketing Agreement, the Tender Agent Agreement and the Swap Agreement;

(13) The Liquidity Facility, having been duly executed by the Issuer and Dexia Credit Local, acting through its New York Branch (the “Bank”);

(14) An opinion of Andrews Kurth LLP, domestic counsel to the Bank, in a form acceptable to the Underwriter;

(15) An opinion of foreign counsel to the Bank in a form acceptable to the Underwriter;

(16) A certificate of the Bank with respect to the accuracy of statements contained in the Official Statement regarding the Liquidity Facility and the Bank;

(17) A copy of a special report prepared by The Arbitrage Group, Inc., independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the *principal of and interest on the Refunded Bonds*, and (ii) the computation of the yield with respect to the Federal Securities and the Bonds;

(18) Evidence that moneys or Federal Securities sufficient to effectuate the refunding and defeasance of the Refunded Bonds have been received by the Escrow Agent and that such moneys or Federal Securities have been deposited in the escrow fund under the Escrow Agreement; and

(19) Such additional legal opinions, certificates, instruments and other documents as are required by the Ordinance for the issuance thereunder of the Bonds or as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as

of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. The Underwriter has reviewed the Continuing Disclosure Undertaking made by the Issuer in the Ordinance.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

7. **Termination.** The Underwriter shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole reasonable judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press

release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws (as amended and then in effect) or any rule or regulation promulgated thereunder;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) there shall be in force a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by such exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(e) additional material restrictions upon trading in securities generally not in force as of the date hereof shall have been imposed by the New York Stock Exchange or by any other national securities exchange or any governmental authority having jurisdiction; or the New York Stock Exchange, any other national securities exchange or any governmental authority having jurisdiction, shall have imposed, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of Underwriter or broker-dealers;

(f) a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(g) a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(h) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the collection of Pledged Revenues to pay the Issuer's obligations secured by

and payable from the Pledged Revenues (including principal of and interest on the Bonds);

(i) any fact or event shall exist or have existed, or information shall become known which makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) there shall have occurred since the date of this Agreement any materially adverse change in the operations or financial condition of the Issuer;

(k) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency, or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(l) there shall have occurred or notice shall have been given of any intended downgrading or published negative change in outlook in the rating accorded to any of the Issuer's debt obligations that are secured in a like manner as the Bonds (including the Bonds); and

(m) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, and such prohibition is not the result of the Underwriter's action or non-action.

8. Expenses

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other attorneys, engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings and municipal bond insurance, if any; (v) the costs of preparing, printing and mailing the Official Statement, (vi) the fees and expenses of the Paying Agent/Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriter as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and officials of the Issuer; (ix) the Attorney General's review fee; and (x) any other expenses mutually agreed to by the Issuer and the Underwriter to be

reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Austin, Texas, 700 Lavaca, Suite 1510, Austin, Texas 78701, Attention: Treasurer; and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Banc of America LLC, 700 Louisiana Street, 7th Floor, Houston, Texas, 77002, Attention: Keith Richard.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "business day" means any day on which (a) the New York Stock Exchange is open for trading and (b) the payment system of the Federal Reserve System is operational.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Execution Page Follows]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between the Issuer and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

BANC OF AMERICA SECURITIES LLC

By: _____
Name. _____
Title. _____

ACCEPTED and agreed to as of the date first written above

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

[Execution Page]

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Article 11 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. The information under the numbered tables.

Accounting Principles

The accounting principles referred to in such Article are the generally accepted accounting principles as applicable to governmental units as prescribed by The Government Accounting Standards Board.

**Exhibit H
to
Ordinance**

FORM OF WEEKLY MODE OR DAILY MODE BOND

EXHIBIT H
FORM OF BOND IN DAILY OR WEEKLY MODE

REGISTERED

NO. [TR-1] – *Initial Bond*

[R-1] – *Definitive Bond*

REGISTERED

\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE
REVENUE REFUNDING BOND,
SERIES 2008
Subseries [A][B]

Dated Date: August 14, 2008

Holder: [Morgan Keegan & Company, Inc.] – *Initial Bond – Subseries 2008A*
[Banc of America Securities LLC] - *Initial Bond – Subseries 2008B*
[CEDE & CO] – *Definitive Bond of both subseries*

Principal Amount:

Interest Rate: Variable Rate

As hereinafter described, under certain circumstances on certain dates this Bond is required to be tendered for purchase to the Tender Agent at a price equal to 100% of the principal amount hereof plus, if such date is not an Interest Payment Date, interest accrued and unpaid hereon to but not including the date of such tender. The Holder hereof who is required to tender this Bond for purchase shall be entitled solely to the payment of such purchase price and shall not be entitled to the payment of any principal hereof or any interest accrued hereon on or after such date.

The City of Austin (hereinafter referred to as the “City”), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the Holder named above, or the registered assigns thereof, solely from the revenues hereinafter identified, the Principal Amount hereinabove stated on November 15, 2029 (or so much thereof as shall not have been prepaid prior to maturity) and to pay interest at the per annum rate or rates determined and established in accordance with the Ordinance

referred to below on the unpaid portion thereof from the date of issuance of this Bond, and such accrued interest shall be due and payable on each Interest Payment Date. Terms not otherwise defined herein shall have the meanings set forth in the Ordinance. To the extent of any conflict between the terms of this Bond and the Ordinance, the provisions of the Ordinance shall supersede the terms of this Bond.

From the date of issuance to but not including August 21, 2008 (the "Initial Period"), this Bond shall bear interest at the rate determined in connection with the initial sale and delivery of this Bond. After the Initial Period, this Bond shall bear interest at the Weekly Rate, as determined in accordance with the Ordinance. At no time shall this Bond bear interest at a rate higher the Maximum Rate. If this Bond or any portion of the principal amount hereof becomes a Liquidity Provider Bond, it shall bear interest at the Liquidity Provider Interest Rate.

Interest during the Initial Period and while this Bond bears interest at a Daily Rate or Weekly Rate shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed, all as determined in accordance with the Ordinance.

The interest rate on this Bond may, in accordance with the terms of the Ordinance, be converted to bear interest at a Daily Rate, a different Weekly Rate, a Commercial Paper Rate, an Auction Rate, a Term Rate, or a Fixed Rate, all in accordance with the Ordinance. When a change in interest rate to a Daily Rate, an Auction Rate, Commercial Paper Rate, Term Rate or Fixed Rate is to occur, this Bond shall be subject to mandatory tender as described herein and in the Ordinance.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Ordinance, be paid to the Person whose name appears on the Security Register (the "Holder") at the close of business on the applicable Record Date. Such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5)

business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Principal of and premium, if any, on this Bond shall be payable at its Stated Maturity, or earlier redemption, only upon presentation and surrender of this Bond to the Paying Agent/Registrar at its designated offices, initially in New York, New York (the "Designated Payment/Transfer Office").

All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Paying Agent/Registrar and the Tender Agent initially appointed with respect to this Bond is Deutsche Bank Trust Company Americas, in the City of New York, New York.

If the specified date for any payment hereon shall be a day other than a Business Day, then such payment need not be made on such day but may be paid on the next succeeding Business Day with the same force and effect as if made on the date of payment.

"Business Day" as used herein means any day other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of any of the Tender Agent, the Remarketing Agent, the Paying Agent/Registrar, the Credit Provider or the Liquidity Provider is located are required or authorized by law or executive order to closed, (c) a day on which the New York Stock Exchange is closed, or (d) a day on which the payment system of the Federal Reserve System is not operational.

This Bond is one of the subseries specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of refinancing and refunding certain outstanding obligations of the City, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapters 1207 and 1371, and Vernon's Texas Code Annotated, Local Government Code, Chapter 334, and pursuant to Ordinance No. 20080724-101 adopted by the City Council of the City (the "Ordinance" which term includes Appendix A thereto and a Pricing Certificate executed pursuant thereto).

The Bonds are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2009	
November 15, 2010	
November 15, 2011	
November 15, 2012	
November 15, 2013	
November 15, 2014	
November 15, 2015	
November 15, 2016	
November 15, 2017	
November 15, 2018	
November 15, 2019	
November 15, 2020	
November 15, 2021	
November 15, 2022	
November 15, 2023	
November 15, 2024	
November 15, 2025	
November 15, 2026	
November 15, 2027	
November 15, 2028	
November 15, 2029 (maturity)	

The Paying Agent/Registrar shall select by lot the numbers of the Bonds to be redeemed on the next following November 15, in accordance with the Ordinance; provided, however, that the principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Bonds which, at least 50 days prior to the mandatory redemption date, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional

redemption provisions described below and not theretofore credited against a mandatory redemption requirement.

While this Bond bears interest at a Daily Rate or a Weekly Rate, it is subject to optional redemption in whole or in part, on any Business Day, at a redemption price equal to the principal amount thereof, plus unpaid accrued interest from the Closing Date or the most recent interest payment date to the Redemption Date.

At least fifteen days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

In the event a portion of the principal amount of a Bond is to be redeemed, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like subseries, of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the Holder, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the Holder within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond redeemed in part.

So long as this Bond is in a Daily Mode or a Weekly Mode and a Liquidity Facility is in effect, the Holder hereof may elect to have this Bond purchased on any Business Day at a price equal to the Purchase Price, upon delivery to the Tender Agent and Remarketing Agent of an irrevocable notice submitted by Electronic Means; promptly confirmed in writing by such Owner, delivered by telecopier by 11:00 a.m., for Daily Mode, and 4:00 p.m. for Weekly Mode.

This Bond is subject to mandatory tender by the Holder hereof upon the happening of certain events or occurrences in the Ordinance. When a mandatory tender is to occur, a mandatory tender notice is required to be given in accordance with the Ordinance to the Holders of all the Bonds then outstanding and the Bonds shall be

subject to mandatory tender for purchase at a purchase price equal to the principal thereof and unpaid accrued interest to the Mandatory Purchase Date.

The City has entered into a Reimbursement Agreement, dated as of August 1, 2008 (the "Initial Reimbursement Agreement"), with Dexia Credit Local, acting through its New York Branch (the "Initial Liquidity Provider"), pursuant to which the Initial Liquidity Provider will advance its own funds under a direct pay letter of credit (the "Initial Letter of Credit") to purchase for its own account Bonds tendered or deemed tendered pursuant to the provisions in the Ordinance, except to the extent such tendered Bonds are purchased with remarketing proceeds as described in the Ordinance. The Initial Reimbursement Agreement entitles the Paying Agent/Registrar to draw an amount sufficient to pay the principal of the Bonds plus up to 35 days' interest thereon at 12.00% per annum. As described in the Ordinance, the City may replace the Initial Liquidity Provider with another Alternate Liquidity Facility, pursuant to which the City is obligated to reimburse the Initial Liquidity Provider for all drawings made under the Initial Letter of Credit. The Initial Letter of Credit expires on [August 14, 2011], unless extended or earlier terminated in accordance with the provisions of the Initial Reimbursement Agreement.

The Bonds are special obligations of the City payable solely from and, together with the other Parity Obligations executed and delivered in connection with the issuance of the Bonds, equally and ratably secured by a subordinate parity lien on and pledge of, the Pledged Revenues in the manner provided in the Ordinance. Additionally, the Bonds shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Bond Fund and the Reserve Fund in accordance with the terms of the Ordinance. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City, except with respect to the Pledged Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien or subordinate lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinance, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues; the

nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

It is hereby certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Pledged Revenues as aforesated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF AUSTIN, TEXAS

Will Wynn, Mayor

COUNTERSIGNED:

Shirley A. Gentry, City Clerk

(SEAL)

[For Initial Bond Only]

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
)
THE STATE OF TEXAS)

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[For Definitive Bonds only]

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in New York, New York is the "Designated Payment/Transfer Office" for this Bond.

DEUTSCHE BANK TRUST
COMPANY AMERICAS,
New York, New York,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

**Exhibit I
to
Ordinance**

FORM OF AUCTION RATE MODE

EXHIBIT I
FORM OF AUCTION RATE MODE BOND

REGISTERED
NO. R-__

REGISTERED
\$[_____]

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
HOTEL OCCUPANCY TAX SUBORDINATE LIEN AUCTION RATE
REVENUE REFUNDING BOND
SERIES 2008
SUBSERIES [A][B]

Dated Date: August 14, 2008

Holder: [CEDE & CO.]

Principal Amount:

Interest Rate: Variable Rate

As hereinafter described, under certain circumstances on certain dates this Bond is required to be tendered for purchase to the Tender Agent at a price equal to 100% of the principal amount hereof plus, if such date is not an Interest Payment Date, interest accrued and unpaid hereon to but not including the date of such tender. The Holder hereof who is required to tender this Bond for purchase shall be entitled solely to the payment of such purchase price and shall not be entitled to the payment of any principal hereof or any interest accrued hereon on or after such date.

The City of Austin (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the order of the Holder named above, or the registered assigns thereof, solely from the revenues hereinafter identified, the Principal Amount hereinabove stated on November 15, 2029 (or so much thereof as shall not have been prepaid prior to maturity) and to pay interest at the per annum rate or rates determined and established in accordance with the Ordinance referred to below on the unpaid portion thereof from the date of issuance of this Bond, and such accrued interest shall be due and payable on each Interest Payment Date. Terms not otherwise defined herein shall have the meanings set forth in the Ordinance. To the extent of any conflict between the terms of this Bond and the Ordinance the provisions of the Ordinance shall supersede the terms of this Bond.

From the date on which the interest rate on this Bond was converted to an Auction Rate (or, if later, most recent date to which interest has been paid), this Bond shall bear interest at the Auction Rate as determined in accordance with the Ordinance. At no time shall this Bond bear interest at a rate higher the Maximum Rate.

When an Auction Mode is in effect and the Auction Period is 180 days or less, interest shall be calculated on the basis of a 360 day year for the actual days elapsed. When an Auction Mode is in effect and the Auction Period is greater than 180 days, interest on Bonds shall be calculated on the basis of a 360 day year of twelve 30 day months.

The interest rate on this Bond may, in accordance with the terms of the Ordinance, be converted to bear interest at a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Term Rate, or a Fixed Rate, all in accordance with the Ordinance. When a such a change in interest rate is to occur, this Bond shall be subject to mandatory tender as described herein and in the Ordinance.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Ordinance, be paid to the Person whose name appears on the Security Register (the "Holder") at the close of business on the applicable Record Date. Such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder.

In the event of a non-payment of interest on a Record Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Principal of and premium, if any, on this Bond shall be payable at its Stated Maturity, or earlier redemption, only upon presentation and surrender of this Bond to the Paying Agent/Registrar at its designated offices, initially in New York, New York (the "Designated Payment/Transfer Office").

All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

[Note: Change if Paying Agent/Registrar or the Tender Agent changes at conversion to the Auction Rate Mode] The Paying Agent/Registrar and the Tender Agent initially appointed with respect to this Bond is Deutsche Bank Trust Company Americas, in the City of New York, New York.

If the specified date for any payment hereon shall be a day other than a Business Day, then such payment need not be made on such day but may be paid on the next succeeding Business Day with the same force and effect as if made on the date of payment.

"Business Day" as used herein means any day other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of any of the Tender Agent, the Remarketing Agent, the Paying Agent/Registrar, the Credit Provider or the Liquidity Provider is located are required or authorized by law or executive order to closed, (c) a day on which the New York Stock Exchange is closed, or (d) a day on which the payment system of the Federal Reserve System is not operational.

This Bond is one of the subseries specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of refinancing and refunding certain outstanding obligations of the City, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapters 1207 and 1371, and Vernon's Texas Code Annotated, Local Government Code, Chapter 334, and pursuant to Ordinance No. 20080724-101 adopted by the City Council of the City (the "Ordinance" which term includes Appendix A thereto and a Pricing Certificate executed pursuant thereto).

The Bonds are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, as follows:

Redemption Date

Principal Amount

November 15, 2009
November 15, 2010
November 15, 2011
November 15, 2012
November 15, 2013
November 15, 2014
November 15, 2015
November 15, 2016
November 15, 2017
November 15, 2018
November 15, 2019
November 15, 2020
November 15, 2021
November 15, 2022
November 15, 2023
November 15, 2024
November 15, 2025
November 15, 2026
November 15, 2027
November 15, 2028
November 15, 2029 (maturity)

The Paying Agent/Registrar shall select by lot the numbers of the Bonds to be redeemed on the next following November 15, in accordance with the Ordinance; provided, however, that the principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Bonds which, at least 50 days prior to the mandatory redemption date, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions described below and not theretofore credited against a mandatory redemption requirement.

While this Bond bears interest at an Auction Rate, it is subject to optional redemption in whole or in part, in Authorization Denominations, at a redemption price equal to the principal amount thereof, premium, if any, plus unpaid accrued

interest, if any, to the redemption date, on the Interest Payment Date immediately following the end of the Auction Period; provided, however, that for a partial redemption of this Bond, the aggregate principal amount of this Bond which will remain outstanding shall be equal to or more than \$10,000,000 unless otherwise consented to by each Broker-Dealer.

At least fifteen days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

In the event a portion of the principal amount of a Bond is to be redeemed, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like subseries, of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the Holder, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the Holder within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond redeemed in part.

This Bond is subject to mandatory tender by the Holder hereof upon the happening of certain events or occurrences in the Ordinance. When a mandatory tender is to occur, a Mandatory Tender Notice is required to be given to the Holders of all the Bonds then outstanding and the Bonds shall be subject to mandatory tender for purchase at a purchase price equal to the principal thereof and unpaid accrued interest to the Mandatory Tender Date.

[Insert description of Liquidity Facility, if any]

The Bonds are special obligations of the City payable solely from and, together with the other Parity Obligations executed and delivered in connection with the issuance of the Bonds, equally and ratably secured by a subordinate parity lien on and pledge of, the Pledged Revenues in the manner provided in the Ordinance. Additionally, the Bonds shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Bond Fund and the Reserve Fund in accordance with the terms of the Ordinance. The Bonds do not constitute a legal

or equitable pledge, charge, lien or encumbrance upon any property of the City, except with respect to the Pledged Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien or subordinate lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinance, a copy of which is on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

It is hereby certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do

not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Pledged Revenues as aforestated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City as of the Dated Date.

CITY OF AUSTIN, TEXAS

Will Wynn, Mayor

COUNTERSIGNED:

Shirley A. Gentry, City Clerk

(SEAL)

[For Initial Bond Only]

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
)
THE STATE OF TEXAS)

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[For Definitive Bonds only]

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in New York, New York is the "Designated Payment/Transfer Office" for this Bond.

DEUTSCHE BANK TRUST
COMPANY AMERICAS,
New York, New York,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: _____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ attorney to transfer the
within Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this
assignment must correspond with
the name of the registered owner as
it appears on the face of the within
Bond in every particular.

**Exhibit J
to
Ordinance**

FORM OF TERM RATE MODE OR FIXED RATE MODE BOND

EXHIBIT J
FORM OF BOND IN [COMMERCIAL PAPER] [TERM] [FIXED] MODE

REGISTERED
NO. R- _____

REGISTERED
\$[_____]

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
HOTEL OCCUPANCY TAX SUBORDINATE LIEN
[COMMERCIAL PAPER] [TERM] [FIXED] RATE
REVENUE REFUNDING BOND,
SERIES 2008
Subseries [A][B]

Dated Date: August 14, 2008

Holder: [CEDE & CO]

Principal Amount:

Interest Rate: ____%

*[Note: This paragraph is for Commercial Paper Bonds and Term Rate Bonds only]
As hereinafter described, under certain circumstances on certain dates this Bond is required to be tendered for purchase to the Tender Agent at a price equal to 100% of the principal amount hereof plus, if such date is not an Interest Payment Date, interest accrued and unpaid hereon to but not including the date of such tender. The Holder hereof who is required to tender this Bond for purchase shall be entitled solely to the payment of such purchase price and shall not be entitled to the payment of any principal hereof or any interest accrued hereon on or after such date.*

The City of Austin (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the order of the Holder named above, or the registered assigns thereof, solely from the revenues hereinafter identified, the Principal Amount hereinabove stated on November 15, 2029 (or so much thereof as shall not have been prepaid prior to maturity) and to pay interest at the per annum rate or rates determined and established in accordance with the Ordinance referred to below on the unpaid portion thereof from the date of issuance of this Bond, and such accrued interest shall be due and payable on *[the] [each]* Interest Payment Date. Terms not otherwise defined herein shall have the meanings set

forth in the Ordinance. To the extent of any conflict between the terms of this Bond and the Ordinance, the provisions of the Ordinance shall supersede the terms of this Bond. *[Note: Use "the" Interest Payment Date for Commercial Paper Rate Bonds and "each" Interest Payment Date for Term Rate Bonds and Fixed Rate Bonds.]*

This Bond shall bear interest at the *[Commercial Paper] [Term] [Fixed]* Rate, as determined in accordance with the Ordinance. At no time shall this Bond bear interest at a rate higher the Maximum Rate. *[If this Bond or any portion of the principal amount hereof becomes a Liquidity Provider Bond, it shall bear interest at the Liquidity Provider Interest Rate.]*

Interest during the *[Commercial Paper Rate] [Term Rate] [Fixed Rate]* Period shall be calculated on the basis of a *[Note: For Commercial Paper Rate Period: 365/366 day year for the actual number of days elapsed] [Note: For Term Rate Period or Fixed Rate Period: 360 day year comprised of twelve 30-day months]*, all as determined in accordance with the Ordinance.

The interest rate on this Bond may, in accordance with the terms of the Ordinance, be converted to bear interest at a Daily Rate, a Weekly Rate, *[a Commercial Paper Rate,] [a Term Rate,] [a Fixed Rate,]* or an Auction Rate, all in accordance with the Ordinance. When a change in interest rate to a *[Daily Rate,] [Weekly Rate,] [Fixed Rate,] [Commercial Paper Rate,] [Term Rate]* or Auction Rate is to occur, this Bond shall be subject to mandatory tender as described herein and in the Ordinance. *[Note: Delete reference to the current Rate.]*

The interest so payable, and punctually paid or duly provided for, on *[the] [any]* Interest Payment Date will, as provided in the Ordinance, be paid to the Person whose name appears on the Security Register (the "Holder") at the close of business on the applicable Record Date. Such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder. *[Note: Use "the" Interest Payment Date for Commercial Paper Rate Bonds and "any" Interest Payment Date for Term Rate Bonds and Fixed Rate Bonds.]*

[Note: Delete this paragraph for Bonds in the Commercial Paper] In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which

shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice. *[Note for Term Rate Mode add: provided, however, such paragraph shall not be applicable on a Purchase Date.]*

Principal of and premium, if any, on this Bond shall be payable at its Stated Maturity, or earlier redemption, only upon presentation and surrender of this Bond to the Paying Agent/Registrar at its designated offices, initially in New York, New York (the "Designated Payment/Transfer Office").

All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

[Note: Change if Paying Agent/Registrar or the Tender Agent changes at conversion to Commercial Paper Mode, Term Mode, or Fixed Mode] The Paying Agent/Registrar and the Tender Agent initially appointed with respect to this Bond is Deutsche Bank Trust Company Americas, in the City of New York, New York.

If the specified date for any payment hereon shall be a day other than a Business Day, then such payment need not be made on such day but may be paid on the next succeeding Business Day with the same force and effect as if made on the date of payment.

"Business Day" as used herein means any day other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of any of the Tender Agent, the Remarketing Agent, the Paying Agent/Registrar, the Credit Provider or the Liquidity Provider is located are required or authorized by law or executive order to closed, (c) a day on which the New York Stock Exchange is closed, or (d) a day on which the payment system of the Federal Reserve System is not operational.

This Bond is one of the subseries specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of refinancing and refunding certain outstanding obligations of the City, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapters 1207 and 1371, and Vernon's Texas Code Annotated, Local Government Code, Chapter 334, and pursuant to Ordinance No. 20080724-101 adopted by the City Council of the City (the "Ordinance" which

term includes Appendix A thereto and a Pricing Certificate executed pursuant thereto).

The Bonds are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2009	
November 15, 2010	
November 15, 2011	
November 15, 2012	
November 15, 2013	
November 15, 2014	
November 15, 2015	
November 15, 2016	
November 15, 2017	
November 15, 2018	
November 15, 2019	
November 15, 2020	
November 15, 2021	
November 15, 2022	
November 15, 2023	
November 15, 2024	
November 15, 2025	
November 15, 2026	
November 15, 2027	
November 15, 2028	
November 15, 2029 (maturity)	

The Paying Agent/Registrar shall select by lot the numbers of the Bonds to be redeemed on the next following November 15, in accordance with the Ordinance; provided, however, that the principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Bonds which, at least 50 days prior to the mandatory redemption date, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar

for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions described below and not theretofore credited against a mandatory redemption requirement.

[Note: Include only for Bonds in the Commercial Paper Mode.] While this Bond bears interest at a Commercial Paper Rate, it is subject to optional redemption in whole or in part, on their respective Purchase Dates at the redemption price of the principal amount thereof, plus accrued interest from the most recent Interest Payment Date to the Redemption Date.

[Note: Include only for Term Rate Bonds.] While this Bond bears interest at a Term Rate during an Interest Rate Period that is less than four years, it is subject to optional redemption in whole or in part, on their individual Purchase Dates at the redemption price of the principal amount thereof, plus accrued interest from the most recent interest payment date to the Redemption Date.

[Note: Include only for Term Rate Bonds and Fixed Rate Bonds.] While this Bond bears interest at a [Term Rate during an Interest Rate Period that is equal to or greater than four years] [Fixed Rate], it is subject to optional redemption in whole or in part, on any date at a redemption price equal to the principal amount thereof, plus interest from the most recent interest payment date to the Redemption Date following the “No Call Period” set forth below:

OPTIONAL REDEMPTION

Duration of Interest Period	No Call Period (commencing on the date of commencement of the [Term Rate] [Fixed Rate Mode] Interest Period)
Greater than or equal to 11 years.	8 years
Greater than or equal to 8 years and less than 11 years.	6 years
Greater than or equal to 4 years and less than 8 years.	3 years
<i>[Note: Include for Fixed Rate Bonds Only]</i> Duration of Interest Period is less than 4 years.	Bonds are subject to optional redemption at any time.]

At least thirty *[for Term Rate or Fixed Rate]* fifteen *[for Commercial Rate Mode]* days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

In the event a portion of the principal amount of a Bond is to be redeemed, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like subseries, of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the Holder, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the Holder within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond redeemed in part.

[Note: Delete for Fixed Rate Bonds.] This Bond [For Commercial Paper Mode: "is"] [For Term Rate Mode: "may be"] subject to mandatory tender by the Holder hereof upon the happening of certain events or occurrences in the Ordinance. When a mandatory tender is to occur, a mandatory tender notice is required to be given in accordance with the Ordinance to the Holders of all the Bonds then outstanding and the Bonds shall be subject to mandatory tender for purchase at a purchase price equal to the principal thereof and unpaid accrued interest to the Mandatory Purchase Date.

[Insert description of Liquidity Provider in the case of Commercial Paper Rate Bonds and Term Rate Bonds, if any.]

The Bonds are special obligations of the City payable solely from and, together with the other Parity Obligations executed and delivered in connection with the issuance of the Bonds, equally and ratably secured by a subordinate parity lien on and pledge of, the Pledged Revenues in the manner provided in the Ordinance. Additionally, the Bonds shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Bond Fund and the Reserve Fund in accordance with the terms of the Ordinance. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City, except with respect to the Pledged Revenues. The holder hereof shall never have

the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien or subordinate lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinance, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

It is hereby certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has

been made for the payment of the principal of and interest on the Bonds by a pledge of the Pledged Revenues as aforesated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City as of the Dated Date.

CITY OF AUSTIN, TEXAS

Will Wynn, Mayor

COUNTERSIGNED:

Shirley A. Gentry, City Clerk

(SEAL)

[For Initial Bond Only]

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
)
THE STATE OF TEXAS)

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[For Definitive Bonds only]

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in New York, New York is the "Designated Payment/Transfer Office" for this Bond.

DEUTSCHE BANK TRUST
COMPANY AMERICAS,
New York, New York,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: _____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ attorney to transfer the
within Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this
assignment must correspond with
the name of the registered owner as
it appears on the face of the within
Bond in every particular.